

Message Text

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ACTION STR-04

INFO OCT-01 EA-07 IO-10 ISO-00 STRE-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 AF-06 ARA-06 EUR-12 NEA-10 OIC-02 /134 W

----- 086801

R 181715Z DEC 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 956

INFO AMEMBASSY WELLINGTON

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PASS STR FOR ACTION

H PASS CODEL

E.O. 11652: NA

TAGS: ETRD GATT

SUBJ: QR CONSULTATION WITH NEW ZEALAND

1. US/NEW ZEALAND QR CONSULTATION HELD DEC 16
ON QUANTITATIVE RESTRICTIONS NOTIFIED BY BOTH PARTICIPANTS
WITH AGREEMENT THAT OBJECTIVE OF CONSULTATION
WAS SIMPLY EXCHANGE OF INFORMATION THAT WOULD HOPEFULLY
LEAD TO EVENTUAL NEGOTIATIONS ON QR MEASURES.

2. US NOTIFICATIONS OF QR'S MAINTAINED BY NEW ZEALAND-
EMBARGO ON GIN AND VODKA: NEW ZEALAND REP
(FALCONER) EXPLAINED THAT ORIGIN OF THIS MEASURE WAS
ESTABLISHMENT OF SINGLE DISTILLERY IN NEW ZEALAND TO
PRODUCE GIN AND VODKA FOR DOMESTIC COMSUMPTION. DISTILLER
NOW FULLY OPERATIVE AND EMBARGO NO LONGER
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MAINTAINED. THESE PRODUCTS ARE, HOWEVER, SUBJECT TO

NEW ZEALAND'S RESTRICTIVE LICENSING SYSTEM AND IMPORTS OF THESE PRODUCTS ARE LIMITED ACCORDING TO GENERAL CONCERNS SUCH AS BALANCE OF PAYMENTS AND OVERALL DOMESTIC DEMAND. NEW ZEALAND ADMITTED THAT THERE WAS NO GATT JUSTIFICATION FOR MEASURES AND INDICATED THAT THESE LICENSING REQUIREMENTS MIGHT BE SUBJECT TO NEGOTIATIONS IN MTN AT SOME POINT.

3. US DEL (NEWKIRK) RAISED GENERAL CONCERN ABOUT RESTRICTIVE LICENSING SYSTEM IN NEW ZEALAND AND QUOTED 1972 BALANCE OF PAYMENTS CONSULTATIONS REPORT WHERE NEW ZEALAND STATED IMPORT LICENSING WOULD BE REPLACED BY TARIFFS AS MAIN MEASURE OF PROTECTION BY 1976. NEW ZEALAND ACKNOWLEDGED THIS COMMITMENT BUT STATED THAT INTERNATIONAL ECONOMIC CONDITIONS HAVE PREVENTED FULFILLMENT OF THIS UNDERTAKING. NEW ZEALAND REP THEN OFFERED LENGTHY EXPLANATION OF OPERATION OF LICENSING SYSTEM AND GNZ EFFORTS TOWARDS LIBERALIZATION. CITING CURRENT SIGNIFICANT BALANCE OF PAYMENTS PROBLEMS THEY DID NOT ANTICIPATE ANY SHORT-TERM LIBERALIZATION OF THIS SYSTEM BUT MAINTAIN A COMMITMENT TO EVENTUALLY CHANGE TO TARIFF PROTECTION.

4. US DEL MENTIONED SPECIFIC AGRICULTURAL PRODUCTS CONTAINED IN NOTIFICATION AND SUBJECT TO LICENSING SYSTEM. NEW ZEALAND REP TOOK NOTE OF US INTEREST BUT STATED THAT CERTAIN OF THESE ITEMS CREATE SPECIAL PROBLEMS. ORANGE JUICE IN PARTICULAR WAS CITED BECAUSE OF FREE TRADE IN ORANGES BETWEEN NEW ZEALAND AND COOK ISLANDS. HE STATED THAT THESE ORANGES SUITABLE ONLY FOR JUICING BUT THAT COOK ISLANDS ECONOMY DEPENDS UPON THEIR PRODUCTION. NEW ZEALAND REP STATED INTENT TO PROVIDE US WITH MORE COMPLETE RESPONSE ON ALL ITEMS COVERED BY LICENSING SYSTEM OF INTEREST TO THE US.

5. MIXING REGULATIONS ON TOBACCO: NEW ZEALAND STATED THAT THIS PROVISION HAS NEVER BEEN A BARRIER TO US TRADE BUT THAT STRONG DOMESTIC POLITICAL PRESSURE OF TOBACCO INDUSTRY PREVENTS ITS REMOVAL. MEASURE JUSTIFIED UNDER GATT PROTOCOL OF PROVISIONAL APPLICATION. IN RESPONSE TO US QUERY NEW ZEALAND STATED THEY HAVE LIMITED OFFICIAL USE

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NO CURRENT PLANS TO INCREASE REQUIREMENT BEYOND CURRENT 30 PERCENT LEVEL.

6. NEW ZEALAND NOTIFICATIONS AGAINST US: BEEF, VEAL, AND MUTTON QUOTAS: US EXPLAINED STRUCTURE AND OPERATION OF MEAT IMPORT LAW POINTING OUT THAT NO QUOTAS ARE NOW IMPOSED. THIS FACT MADE GATT JUSTIFICATION IRRELEVANT. NEW ZEALAND RESPONDED THAT VOLUNTARY RESTRAINTS

HAD SAME EFFECT AS QUOTAS AND THAT IF VOLUNTARY RESTRAINTS DID NOT EXIST US WOULD EMPLOY QUOTAS AND GATT LEGALITY WOULD BECOME REAL QUESTION. IN SPITE OF THIS, NEW ZEALAND INTERESTED IN NEGOTIATING IN THIS AREAS AND WOULD HOPE TO MAKE PROPOSALS AT THE APPROPRIATE TIME. FOR THE PRESENT, THEY INTEND TO PURSUE DISCUSSIONS IN MEAT SUB-GROUP. COMMENTING UPON FORTHCOMING WORK OF MEAT SUBGROUP, NEW ZEALAND DEL STATED THEY WERE PREPARED FOR TACTICAL REASONS TO SPEND AT LEAST A YEAR EXAMINING EC PROPOSAL TO EXPOSE DEFICIENCIES BEFORE SUBMITTING THEIR OWN.

7. DAIRY QUOTAS: US EXPLAINED RATIONALE AND OPERATION OF SECTION 22 OF AGRICULTURAL ADJUSTMENT ACT AND EXISTENCE OF GATT WAIVER. NEW ZEALAND STATED THEIR OPINION THAT NO ECONOMIC RATIONALE EXISTS FOR CONTINUANCE OF SECTION 22 MEASURES. NEW ZEALAND INDICATED THEY WOULD LIKE TO RETURN TO THIS ISSUE AT A LATER STAGE IN THE NEGOTIATIONS, BUT IN INTERIM, WOULD BRING UP IN DAIRY SUB-GROUP.

8. AT CLOSE OF CONSULTATION NEW ZEALAND POINTED TO SIGNIFICANT FACT THAT WE HAD BEEN DISCUSSING AGRICULTURAL MEASURES UNDER THE QR PROCEDURES AND THAT THIS FACT SHOULD BE REPORTED TO THE QR SUBGROUP. US AGREED AND WILL IN FIRST DRAFT OF JOINT REPORT. CULBERT

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